

FILED

2014 MAR 18 PM 3:10

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
RIVERSIDE

MARKS & KLEIN, LLP

Gerald A. Marks, Esq. (*Pro Hac Vice* Forthcoming)
Evan M. Goldman, Esq. (*Pro Hac Vice* Forthcoming)
63 Riverside Avenue
Red Bank, New Jersey 07701
Telephone: (732) 747-7100
Facsimile: (732) 219-0625
jerry@marksklein.com
evan@marksklein.com

SCHINDLER LAW GROUP

Eric Schindler, Esq. (State Bar No. 141386)
20321 SW Birch Street, Suite 200
Newport Beach, California 92660
Telephone: (949) 483-8700
Facsimile: (949) 464-9714
eric@schindlerlaw.net

Attorneys for Plaintiff

ADNAN KHAN

**UNITED STATES DISTRICT COURT FOR
THE CENTRAL DISTRICT OF CALIFORNIA
EASTERN DIVISION**

EDCV 14-00522

Case No.

JGB

SPX

ADNAN KHAN,

Plaintiff,

v.

7-ELEVEN INC., a wholly-owned
subsidiary of SEVEN-ELEVEN JAPAN
CO. LTD., a wholly-owned subsidiary
of SEVEN AND I HOLDINGS CO. LTD,

Defendants.

**VERIFIED COMPLAINT FOR
VIOLATION OF THE CALIFORNIA
UNFAIR BUSINESS PRACTICES ACT,
VIOLATION OF THE CALIFORNIA
CIVIL ANTI-STALKING STATUTE, AND
INTENTIONAL INFLICTION OF
EMOTIONAL DISTRESS**

DEMAND FOR JURY TRIAL

BY FAX

COME NOW the Plaintiff, ADNAN KHAN (hereinafter "Andy," "Khan" or "Andy
Khan") and for his Complaint against Defendant states as follows:

COPY

INTRODUCTION

1
2 1. This is an action for illegal surveillance, franchisor abuse and the intentional
3 infliction of emotional distress.

4 2. Specifically, it is an action for: (i) Violation of the California Unfair Business
5 Practices Act; (ii) Violation of the California Civil Anti-Stalking Statute, and (iii) Intentional
6 Infliction of Emotional Distress.

7
8 3. Defendant 7-Eleven, Inc., once a domestic icon, is now wholly owned and
9 controlled by a Japanese corporation and is the largest convenience store chain in the world, with
10 more than 31,000 locations worldwide. As a result of its Japanese parent's business model, 7-
11 Eleven has changed its relationship with franchisees – going from a partnership to a authoritative,
12 “big brother” dictatorship.

13
14 4. For almost thirty-four years, Andy Khan has successfully operated five 7-Eleven
15 franchised stores in Southern California. Specifically, Andy has operated the following stores: (i)
16 Store No. 25922 located at 1533 Peck Road, South El Monte, California 91733; (ii) Store No.
17 14004 located at 1319 West Merced Avenue, West Covina, California 91790; (iii) Store No.
18 14024 located at 12954 Bess Avenue, Baldwin Park, California 91796; (iv) Store No. 25051
19 located at 12170 Ramona Boulevard, El Monte, California 91732; and (v) Store No. 22943 located
20 at 1546 West Mission Boulevard, Pomona, California 91766 (collectively the “Stores”).

21
22 5. Since opening his first store, in South El Monte, California, Andy has operated as a
23 stellar and tremendously profitable franchisee – for both himself and 7-Eleven.

24 6. Additionally, Andy is an active speaker on behalf of the 7-Eleven franchisee
25 community.

26 7. Andy was one of the founding members of a national 7-Eleven Political Action
27 Committee (“PAC”), served as President of the PAC from 2000 to 2007, and as Chairman from
28

1 2007 to 2009. Andy currently serves as Past President of the PAC. Additionally, Andy is an active
2 member of three regional 7-Eleven Franchise Owners Associations (“FOAs”), where he served as
3 various Boards of Directors for six years.

4 8. The 7-Eleven PAC is intended to give franchisees a “voice” to address issues and
5 concerns they face in the day-to-day operation of their respective 7-Eleven stores.

6 9. The 7-Eleven PAC also works to protect the civil and constitutional rights of 7-
7 Eleven franchisees by educating them of those rights.

8 10. As 7-Eleven is aware, and upon information and belief, a majority of 7-Eleven
9 owners are immigrants to the United States and do not fully understand their rights under United
10 States law.

11 11. The 7-Eleven PAC also builds and maintains relationships with key members of
12 City, State and Federal governments.

13 12. In recognition of his dedication to the PAC, and his stellar record as a franchisee,
14 Andy was awarded the 2008 Franchisee of the Year Award by his fellow franchisees

15 13. Today, Andy serves as a key advisor to all Southern California FOA Presidents.

16 14. Upon information and belief, as a result of Andy’s active involvement in the PAC
17 and various FOAs, he has been targeted by 7-Eleven for termination.

18 **JURISDICTION AND VENUE**

19 15. This Complaint has jurisdiction over this action pursuant to 28 U.S.C. § 1332
20 (diversity).

21 16. Venue is proper in this District pursuant to 28 U.S.C. § 1391(a) and (b).

22 17. The amount in controversy on each of these counts set forth below exceeds the sum
23 of \$75,000 exclusive of interest and costs.

THE PARTIES

18. Adnan Khan is a citizen of the State of California, residing in Walnut California.

19. 7-Eleven is a Texas corporation. It maintains a place of business at 1722 Routh Street, Suite 1000, Dallas, Texas 75201.

BACKGROUND

20. For almost thirty-four years, Andy Khan, in good faith, has operated five 7-Eleven franchised stores.

21. During that time, Andy has been the face of the 7-Eleven franchisee community and has received numerous awards and prestigious recognitions.

22. In 2008, Andy was named Franchisee of the Year by the Greater Los Angeles FOA. Attached hereto and incorporated herein as Exhibit A is a true and correct copy of the Franchisee of the Year Award.

23. In addition to receiving various awards from his peers and various FOAs, Andy recently received a Certificate of Achievement from 7-Eleven, recognizing his role as an advisor to rollout of the Business Transformation Pilot in Los Angeles. Attached hereto and incorporated herein as Exhibit B is a true and correct copy of the Certificate of Achievement. Additionally, Andy received a Certificate of Recognition from the City of Los Angeles. Attached hereto and incorporated herein as Exhibit C is a true and correct copy of the Certificate of Recognition.

24. Furthermore, in the Second Fiscal Quarter of 2012, 7-Eleven named Andy as Retailer Initiation Champion. Attached hereto and incorporated herein as Exhibit D is a true and correct copy of the Retailer Initiation Champion award.

25. As one of the founding members of the national 7-Eleven PAC, Andy recognized the need for franchisees to work with government officials to enact legislation that protects franchisees throughout the United States.

1 26. The mission and ongoing purpose of the 7-Eleven PAC is to give 7-Eleven
2 franchisees a forum to address issues and concerns that affect them in their day-to-day store
3 operations.

4 27. In or around September 2013, Andy received a Certificate of Congressional
5 Commendations for the Watt-South Angeles Teen Community Response Team. Attached hereto
6 and incorporated herein as Exhibit E is a true and correct copy of the Certificate of Congressional
7 Commendations.
8

9 **7-ELEVEN'S MISUSE OF ITS EMPLOYEES**

10 28. Upon information and belief, 7-Eleven has instituted a nationwide scheme to
11 improperly intimidate and terminate long-term franchisees, with the goal of acquiring their
12 successful stores.

13 29. Upon further information and belief, 7-Eleven's intimidation and termination
14 efforts are primarily focused on the states of New York, New Jersey and California.
15

16 30. To achieve their goal of improperly terminating franchisees, such as Andy, 7-
17 Eleven uses coercive and unlawful interrogation techniques, and has resorted to stalking
18 franchisees.

19 31. The sole purpose of acquiring franchisees' stores, such as Andy's – albeit through
20 illegal means – is to "take back" the stores, at no cost, with the intent to ultimately re-sell the
21 store, for a fee, to a third party purchaser.
22

23 32. 7-Eleven hired more Asset Protection employees than any other company in 2013.
24 Attached hereto and incorporated herein as Exhibit F is a true and correct copy of a News Brief
25 from D&D Daily.

26 33. 7-Eleven hired approximately thirty-five Asset Protection employees.
27
28

1 34. 7-Eleven uses its Asset Protection/Loss Prevention (“AP/LP”) Department as a
2 profit center to realize a significant return on its investment in hiring large numbers of Asset
3 Protection employees.

4 35. The pressure to provide a return on the AP/LP Department investment is
5 tremendous.

6 36. Upon information and belief, 7-Eleven has instituted quotas to the AP/LP
7 Department which, in turn, causes the AP/LP employees to bring dubious and fabricated charges –
8 based on unlawful and intimidating searches of franchisees, such as Andy.

9 37. Upon further information and belief, 7-Eleven’s efforts are primarily focused on
10 FOA, PAC and/or Community Leaders.

11 38. Converse to 7-Eleven, most retailers use their asset protection departments in a
12 “non-productive” manner, trying to limit losses from theft and shrinkage.

13 39. However, 7-Eleven uses its AP/LP Department as a “productive work center” by
14 taking back franchises at no cost – only to resell them for a large fee.

15 40. 7-Eleven’s efforts to terminate franchises and take back stores has been
16 tremendously profitable for 7-Eleven.

17 41. Upon information and belief, the amount received by 7-Eleven in reselling taken-
18 back stores is in excess of ten million dollars.

19 42. Andy’s Stores are all located in primary target areas for 7-Eleven’s unlawful
20 investigations.

21 43. When Mark Stinde (“Stinde”), Vice President of Asset Protection for 7-Eleven, was
22 given permission by 7-Eleven to hire the aforementioned AP/LP Department employees, the
23 positions were not posted publicly.

1 54. It was this fact that led them to believe that the stalker was finding their location by
2 way of an elaborate GPS-tracking system.

3 55. Fearful of being robbed and concerned for each other's safety, Andy and Slyker
4 began to travel together when making their rounds from Store to Store.

5 56. In an unsuccessful attempt to evade the White Vehicle, Andy and Slyker alternated
6 their routes from day-to-day.

7 57. Despite their valiant efforts, the White Vehicle continued following Andy and
8 Slyker.

9 58. After countless encounters with the White Vehicle, and in an effort to unmask the
10 driver, Andy and Slyker began to follow the White Vehicle.

11 59. During one these efforts, Slyker was able to capture a photograph of the White
12 Vehicle's license plate. Attached hereto and incorporated herein as Exhibit G is a true and correct
13 copy of the Photograph.

14 60. In fact, Andy and Slyker chased the driver into a parking facility and the driver
15 exited the vehicle and ran off.

16 61. On or around October 10, 2013, Andy and Slyker contacted 7-Eleven Field
17 Consultant Dennis Urrutia in order to bring the stalking incidents to his attention.

18 62. During the in-person meeting, on or about January 8, 2014, Andy described the
19 incidents to Urrutia, Slyker and 7-Eleven Field Consultant, Michelle Moore. Andy's cries for help
20 fell on deaf ears.

21 63. Subsequently, on January 13, 2014, Andy filed a police report with the Baldwin
22 Park Police Department ("BPPD"), advising the BPPD of a person stalking him and Slyker (the
23 "Police Report"). Attached hereto and incorporated herein as Exhibit H is a true and correct copy
24 of the Police Report.

1 64. As part of filing the Police Report Andy provided the BPPD with a license plate
2 number and description of the individual following them.

3 65. As stated in the Police Report filed with the BPPD, the person following Andy and
4 Slyker was a Caucasian male, approximately 5'7" to 5'9" in height, with a bald head, a goatee or a
5 small beard about 3 to 4 inches long, weighed approximately 180 to 220 pounds, and had a very
6 short neck, round face and stocky build. During the second stalking encounter, the person stalking
7 Andy and Slyker was wearing a Hard Rock Cafe white t-shirt and blue jeans.
8

9 66. On or about January 15, 2014, Andy arrived at his 1533 Peck Road store at 8:00
10 a.m. After spending approximately fifteen minutes in the Store, he noticed a black vehicle (the
11 "Black Vehicle") parked across the street from the store.

12 67. While Andy began going from one Store to another, he was followed by the Black
13 Vehicle.
14

15 68. While en route, Andy turned off his cellular telephone and attempted to lose the
16 Black Vehicle by changing the Store he was in route to.

17 69. After arriving at the Whittier Boulevard store, Andy powered his cellular telephone
18 back on. Approximately five to ten minutes after arriving at the Whittier Boulevard store, the
19 Black Vehicle arrived at the store and proceeded to park outside the front entrance.
20

21 70. Upon walking out of the Whittier Boulevard store, Andy attempted to approach the
22 Black Vehicle. Upon seeing Andy approach, the Black Vehicle drove out of the parking lot.

23 71. While walking towards the Black Vehicle, Andy was able to confirm that the driver
24 was the same person who had been driving the White Vehicle.

25 72. Subsequently, on or about January 18, 2014, Andy observed the same driver sitting
26 in a brown vehicle (the "Brown Vehicle") in the parking lot outside a CVS Pharmacy Andy was
27 patronizing on Nogales Street.
28

1 73. When the driver saw Andy, the driver accelerated the Brown Vehicle, driving
2 directly towards Andy.

3 74. Despite Andy's efforts to avoid the vehicle, the vehicle brushed up against him,
4 rubbing against his pants, and causing Andy to fall backwards to the floor.

5 75. Given the close proximity between Andy and the Brown Vehicle, Andy was able to
6 confirm that it was the same person who had driven the Black and White Vehicles.

7 76. On this occasion, the driver was wearing a red-, black- and white-colored bandana
8 skullcap.

9 77. Upon information and belief, the driver was attempting to hit Andy with the Brown
10 Vehicle. Upon further information and belief, this was in retaliation for Andy filing the Police
11 Report with the BPPD.

12 78. After this third, near-fatal experience, Andy brought the repeated incidents to
13 Dennis Urrutia's attention.

14 79. Upon information and belief, the person driving the White, Black and Brown
15 Vehicles was a 7-Eleven employee and/or a Private Investigator hired by 7-Eleven or its
16 employees.

17 80. The injury inflicted upon Andy includes, but is not limited to, severe emotional fear
18 and suffering, as well as persistent paranoia.

19
20
21 **7-ELEVEN'S MOTIVE**

22 81. Upon information and belief, in stalking and attempting to injure Andy, 7-Eleven is
23 executing a plan to remove 7-Eleven franchisees who are older – both in age and time as a
24 franchisee.
25
26
27
28

1 82. 7-Eleven has a history of targeting FOA officers, outspoken 7-Eleven Operators,
2 and “old school” franchisees who tend to be very vocal and influential within the retailer’s
3 franchisee community.

4 83. 7-Eleven’s attempt to remove “old school” franchisee was described, in detail, in a
5 Convenience Store News (“CSNews”) article. Attached hereto and incorporated herein as Exhibit
6 I is a true and correct copy of the Convenience Store News article.

7
8 84. Upon further information and belief, 7-Eleven is attempting remove those
9 franchisees that do not fit 7-Eleven’s current franchisee model.

10 85. Andy is fifty-five years old, and has been a franchisee for nearly thirty-four years,
11 making him a prime target of 7-Eleven and its discriminatory plan.

12 86. 7-Eleven’s attempts are exacerbated by the fact that Andy has been an extremely
13 active member within the 7-Eleven franchisee community, as described in detail herein.

14 87. Upon information and belief, 7-Eleven is trying to ensure that Andy is removed
15 from the 7-Eleven system – either by choice or force.

16
17 88. Upon further information and belief, 7-Eleven is using similar tactics against other
18 franchisees, which tactics include, but are not limited to, stalking, illegally gathering personal
19 information, and fear-invoking maneuvers.

20 89. Upon further information and belief, 7-Eleven is executing this discriminatory plan
21 through its “Profit Assurance Team.”

22
23 **COUNT ONE**
24 **VIOLATION OF THE CALIFORNIA UNFAIR BUSINESS PRACTICES ACT**
 Cal. Bus. & Prof. Code §§ 17200, *et. seq.*

25 90. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing
26 paragraphs of this Complaint as if set forth in full.

1 91. California Business & Professions Code §§17200, *et. seq.* defines unfair
2 competition as any unlawful, unfair, or fraudulent business act of practice.

3 92. By the conduct alleged herein, Defendant has engaged and continues to engage in a
4 business practice that violates California law, including but not limited to, conducting private
5 investigations by way of unlicensed private investigators within the State of California.

6 93. California Business and Professional Code 7521 defines a private investigator as
7 any person “who, for any consideration...whatsoever engages in business or accepts employment
8 to furnish, or agrees to make, or makes any investigation for the purpose of obtaining, information
9 with reference to...the identity, habits, conduct, business, occupation, honesty, ... knowledge, ...
10 whereabouts, ... associations, ... acts, reputation, or character of a person.

11
12 94. Under California Business and Professional Code 7520, a private investigator must
13 be licensed by the California Bureau of Security and Investigative Services (“BSIS”).

14 95. Upon information and belief, Defendant has failed to comply with the licensing
15 provision of California Business and Professional Code 7520 and 7528.

16 96. A licensing violation, such as the one at issue, is considered an unlawful, unfair or
17 fraudulent business act or practice act as defined under California’s Unfair Business Practices Act.

18 97. As a direct result of Defendant’s misconduct, Plaintiff Andy is entitled to a
19 preliminary and permanent injunction.
20
21

22 **COUNT TWO**
23 **VIOLATION OF CALIFORNIA’S CIVIL ANTI-STALKING STATUTE**
24 Cal. Civ. Code § 1708.7, *et seq.*

25 98. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing
26 paragraphs of this Complaint as if set forth in full.

27 99. Defendant’s conduct alleged herein clearly shows a pattern of conduct implemented
28 with the intent to follow, alarm or harass Andy.

1 100. Defendant made “credible threats,” placing Andy in reasonable fear for his safety,
2 by way of Defendant’s menacing and unrelenting following of the Andy.

3 101. Due to Defendant’s vile misconduct, Andy reasonably feared for his safety and
4 wellbeing.

5 102. In an effort to put an end to Defendant’s stalking, Andy sought help from local
6 authorities, the FBI, and reached out directly to Defendant’s agents, employees and/or
7 representatives.

8 103. Regardless of Andy’s efforts to see the followings cease and desist, the stalking
9 persisted.

10 104. As a direct and proximate result of Defendant’s misconduct, Andy has sustained
11 severe emotional distress. Andy herein seeks equitable relief, including but not limited to,
12 damages in the form of general damages, special damages and punitive damages pursuant to
13 Section 3294.
14

15
16 **COUNT THREE**
17 **INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS**

18 105. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing
19 paragraphs of this Complaint as if set forth in full.

20 106. Defendant’s conduct alleged herein, such as Defendant’s persistent following and
21 stalking of Andy, constitutes outrageous conduct.

22 107. Defendant intended to cause Andy emotional distress, or at least displayed a
23 reckless disregard for the possibility that its conduct would cause Andy emotional distress by
24 blatantly ignoring Andy and his efforts to put an end to Defendant’s stalking.

25 108. As a direct and proximate result of Defendant’s stalking, Andy has suffered and
26 continues to suffer emotional distress.
27
28

1 **WHEREFORE**, Plaintiff demands trial by jury and judgment against Defendant as
2 follows:

3 (a) Defendant be temporarily, preliminary and permanently restrained and
4 enjoined from conducting private investigations in connection with Plaintiff, Plaintiff's family, the
5 Stores, and Plaintiff's employees, agents and representatives;

6 (b) Compensatory and consequential damages resulting from Defendant's
7 violation of California's Unfair Business Practices Act;

8 (c) Compensatory, consequential and punitive damages resulting from
9 Defendant's violation of Cal. Civ. Code § 1708.7;

10 (d) Compensatory, consequential and punitive damages resulting from
11 Defendant's Intentional Infliction of Emotional Distress;

12 (e) Additional damages, as provided by law;

13 (f) Attorneys' fees, costs and disbursements as provided by law or contract;

14 and;

15 (g) Such other and further relief as this Court may deem just and proper.
16
17
18
19
20
21

22 Dated: March 18, 2014



By: Eric Schindler, Esq. (State Bar No. 141386)

SCHINDLER LAW GROUP

20321 SW Birch Street, Suite 200

Newport Beach, California 92660

Telephone: (949) 483-8700

Facsimile: (949) 464-9714

eric@schindlerlaw.net
23
24
25
26
27
28

VERIFICATION OF ADNAN KHAN

I, Adnan Khan, Plaintiff in this matter, have read the contents of the Verified Complaint and hereby verify, under penalty of perjury, that the allegations set forth therein are true and accurate to the best of my knowledge.

Executed this 18th day of March 2014


ADNAN KHAN

EXHIBIT A

7-ELEVEN FRANCHISE OWNERS



ASSOCIATION

OF GREATER LOS ANGELES

Franchisee of the Year
Award
2008

ADNAN KHAN

Proudly Sponsored
By

EXHIBIT B



Certificate of Achievement

presented to

Andy Khan

Go-Live Readiness Advisor for the LA Pilot

Thank you for your commitment and dedication in the successful rollout of the Business Transformation Pilot in LA.

Ema Williams

Vice President

Southwest Division

Tom Scallion

Vice President

Business Transformation

April 25, 2011

EXHIBIT C

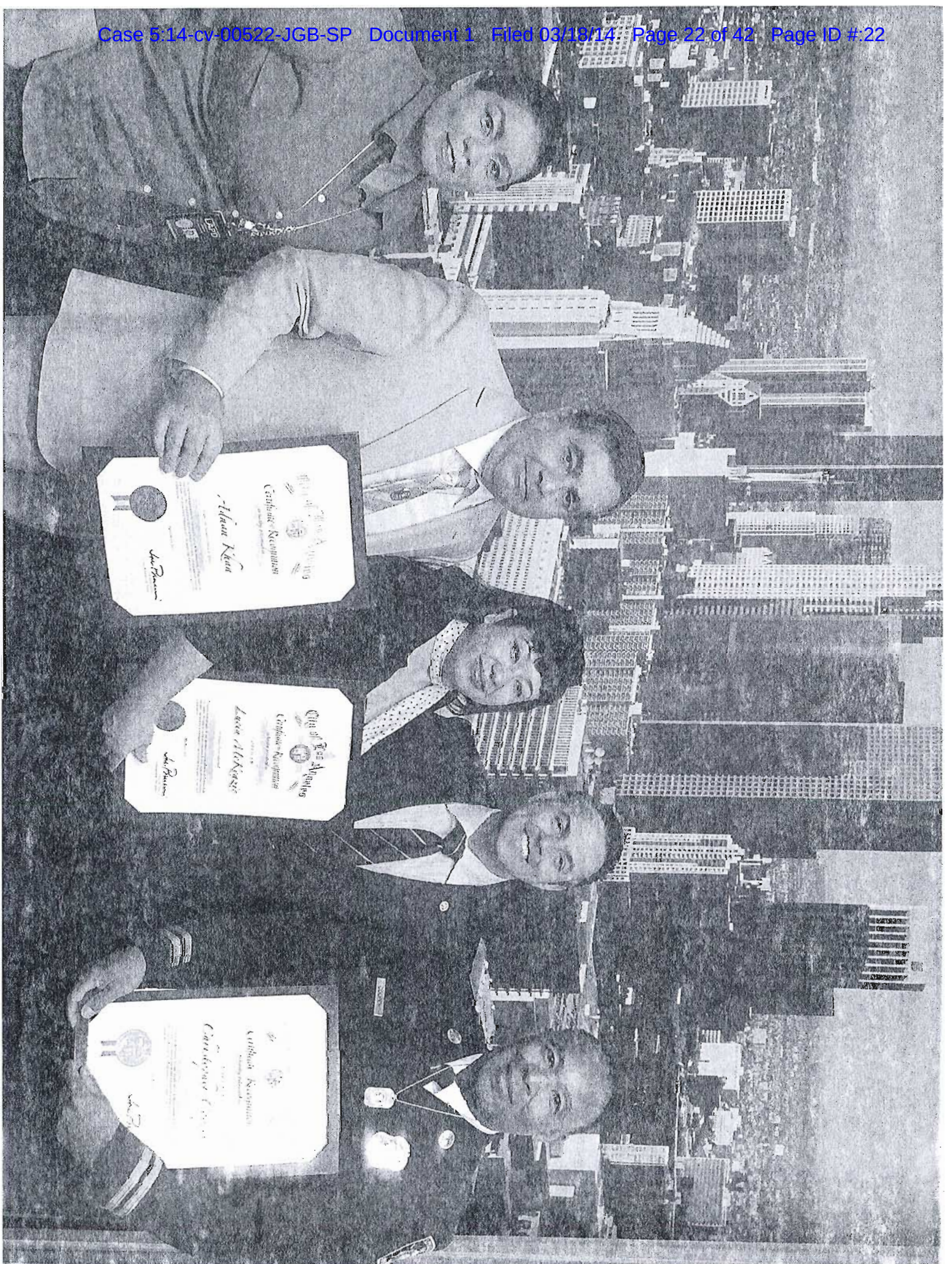


EXHIBIT D

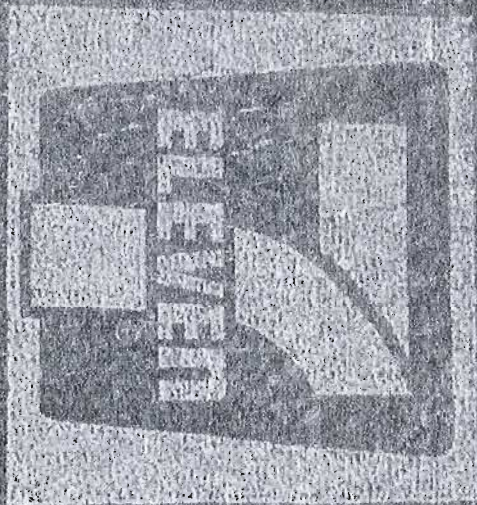


EXHIBIT E



Certificate of Congressional Commendation

Presented To

Adnan Khan

Watts-South Los Angeles Teen Community Emergency Response Team (CERT)

In honor of your outstanding and valuable service to the residents of Los Angeles County.

It gives me great pleasure to recognize your commitment to safety and dedication to the community.

Best wishes and continued success.

September 23, 2013

Date

Janice Hahn
Congresswoman Janice Hahn

EXHIBIT F



News Brief



7-Eleven adds 35 Asset Protection positions - the biggest Asset Protection rollout of 2013

The evolution of the Asset Protection program at 7-Eleven has taken off since Mark Stinde, VP AP joined the organization a couple of years ago. Driven by analytics, they have been able to show a significant return on their investment to the point where it's justified adding 35 Asset Protection positions this year. This is the leading retailer of the year for Asset protection growth.



EXHIBIT G

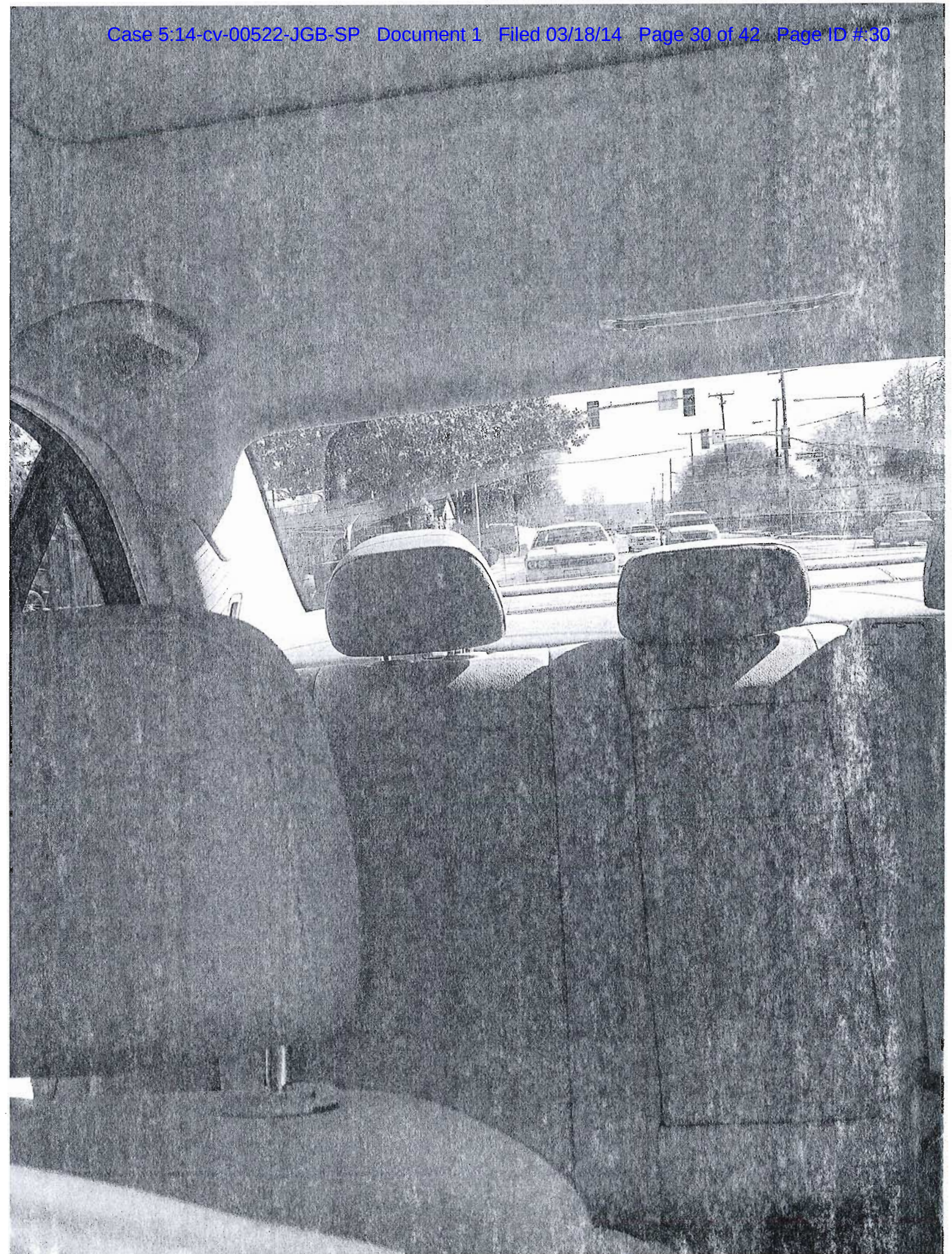
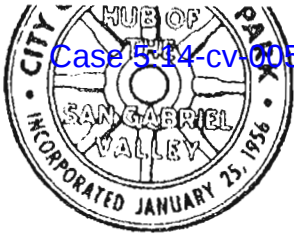


EXHIBIT H



14403 E. Pacific Avenue
Baldwin Park, CA 91706
(626) 960-4011

RECEIPT

DATE 03/11/14 FEE \$ 20.00

RECEIVED FROM _____

ADNAN KHAN

518 TRI NET CT

WALNUT, CA 91789

Receipt #: 44994
Operator: YVONNE RAMOS
3/11/2014 4:13:41 PM
POLICE MISC
Subtotal
Tax
Total Due
Cash
Change Due

14-01172

PURPOSE COPY OF INCIDENT LOG

ISSUED BY NEWTON 4258

THIS RECEIPT WHEN VALIDATED
BECOMES A PART OF THE RECORDS
OF THE CITY OF BALDWIN PARK

Screen Image of Records6 generated by dnewton at 16:03:48 03/11/14

Incident Number: 14-01142

Nature: Advisal Case Number: Image:

Addr= PACIFIC AV & BOGART AV; 10-19

Area: 3

City: Baldwin Park ST: CA Zip: 91706

Contact: KHAN ADAN

Complainant&

Lst: Fst: Mid:

DOB: SSN: Adr:

Rac: Sx: Tel: Cty: ST: Zip:

Offense Codes: NC

Reported: NC Observed:

Circumstances:

spndg Officers: M Quintero S Keef

spnsbl Officer: M Quintero Agency: BPPD

CAD Call ID: 813

Received By: R Esparza

Last RadLog: 13:37:16 01/13/14 C

How Received: T Telephone

Clearance: NO No Report Require

When Reported: 13:02:03 01/13/14

Disposition: ADV Disp Date: 01/13/

ccurrd between: 12:59:56 01/13/14

Judicial Sts:

and: 12:59:56 01/13/14

Misc Entry:

O:

Narrative:

upplement: CAD Call info/comments

Screen Image of Records6 generated by dnewton at 16:03:48 03/11/14

Incident Number: 14-01142

Nature: Advisal Case Number:

Image:

Addr= PACIFIC AV & BOGART AV; 10-19

Area: 3

City: Baldwin Park ST: CA Zip: 91706

Contact: KHAN ADAN

Complainant&

Lst: Fst: Mid:

DOB: SSN: Adr:

Rac: Sx: Tel: Cty: ST: Zip:

Offense Codes: NC

Reported: NC Observed:

Circumstances:

spndg Officers: M Quintero

S Keef

spnsbl Officer: M Quintero

Agency: BPPD

CAD Call ID: 813

Received By: R Esparza

Last RadLog: 13:37:16 01/13/14 C

How Received: T Telephone

Clearance: NO No Report Require

When Reported: 13:02:03 01/13/14

Disposition: ADV Disp Date: 01/13/

ccurrd between: 12:59:56 01/13/14

Judicial Sts:

and: 12:59:56 01/13/14

Misc Entry:

O:

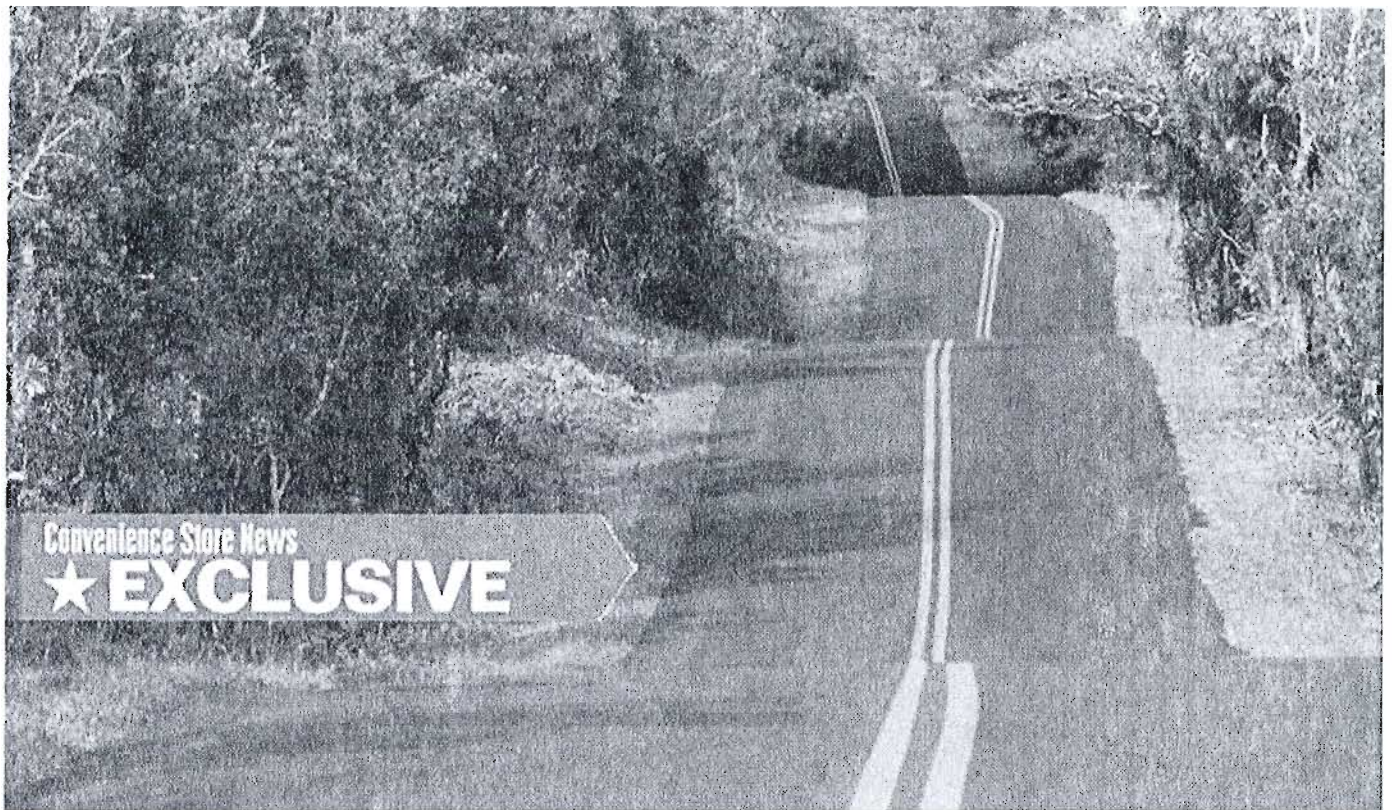
Narrative:

upplement: CAD Call info/comments

EXHIBIT I

7-Eleven Faces Some Delay on the Road to Franchising

February 18, 2014, 05:30 pm



DALLAS -- The year was 2007 and 7-Eleven Inc. announced its intent to get out of running its own stores and instead move entirely to a franchised operation. The nation's largest convenience store chain targeted 2013 as the year when this vision would come to fruition.

It's now 2014 and 7-Eleven acknowledges it not fully franchised, but affirms that it is growing its franchise base every day. Currently, 75 percent of its U.S. stores are operated by independent franchisees. Before launching its franchising endeavor, that figure stood at about 60 percent.

"I can tell you that we are on a journey to be a virtually franchised company in the USA. Several years ago, we had an aspiration to be fully franchised by the end of 2013. But, and not at all surprising, business and opportunities changed. We had cleaned up our balance sheet, were poised for growth and took advantage of many acquisition opportunities that presented themselves in 2011 and 2012," 7-Eleven spokesperson Margaret Chabris told *CSNews Online*.

While last year's unit growth was slower, 2012 marked a record year for Dallas-based 7-Eleven as it added a net 969 locations, of which 961 were U.S. additions. The chain's growth strategy is to build

...in areas of ... base efficiency and average to scale particularly in regard to its daily delivery infrastructure.

New stores, though, are harder to get franchised right away since 7-Eleven has to convert each store to its brand and product offering before it can be offered up for franchise.

According to Chabris, 7-Eleven has grown its store units by 35 percent since 2008, with the majority of that growth happening in the last two to three years. "We added more than 1,000 new locations just in 2012, both ground up/new-to-industry as well as acquired stores. Our focus had to shift to doing an excellent job of studying each location, determining its potential, getting proper permits and then, the huge jobs of remodeling, installing proprietary equipment and merchandising programs," she said. "You can imagine the work involved in conversions of this magnitude."

Going forward, 7-Eleven is "highly interested" in finding franchisees who want to start off with several stores at one time. The company, Chabris said, believes selling franchises to those who can manage multiple stores will help accelerate its franchising efforts.

"We are a vibrant, successful, growing company looking for the right people who want to be backed by the world's c-store leader in creating a business they can be proud of," she concluded.

Besides the store unit growth, however, multiple sources interviewed by *CSNews Online* say something else is also at play in delaying 7-Eleven's journey from corporate to franchise. In an ironic twist, 7-Eleven's franchisee community itself may be causing speed bumps. Sources tell *CSNews* that company leaders are having to expend a lot of time and energy lately trying to get the franchisees to embrace new initiatives 7-Eleven is rolling out to elevate the brand and make it resonate better with Millennials, the new "it" generation, while meeting resistance from some long-time franchisees.

One former 7-Eleven corporate employee who asked to remain anonymous said the chain's franchisee pool is currently split between three distinct groups: old school, middle of the road, and the new regime. The one-third of operators who are old school got their stores long ago when there wasn't a lot of criteria to become a 7-Eleven franchisee. "These guys made a lot of money and now they're just going through the motions. They just want to run a convenience store," the former employee said.

The middle one-third, meanwhile, has been with 7-Eleven for a moderate amount of time and they're on the bubble. They're not real productive, but they could be with the right influence.

Finally, there's the new regime -- operators who have joined the system most recently. This group is made up of very aggressive marketers who are pro-7-Eleven and support the company's efforts to change, specifically 7-Eleven's push around fresh food.

While it's not uncommon in any franchise system to have varying levels of franchisees, the challenge for 7-Eleven is that its old school group is very vocal and influential in the retailer's franchisee community, according to the former employee. "They wield a lot of power in the organization and the old school is now negatively influencing the middle third," he noted.

7-Eleven headlines from CSNews.com over the past 12 months include, in part, the following:

- 7-Eleven Ousts Several Chicago-Area Franchisees (September)
- 7-Eleven Franchisees File Suit Alleging Abuse of Contractual Rights (July)
- 7-Eleven Sues Long Island Franchisee for Siphoning Money (June)
- 7-Eleven Franchisees Sue Company for Lagging Behind Competition (June)
- Feds Raid 14 7-Eleven Stores (June)

"I think they're right to try and elevate the level of franchisees for the good of everyone. 7-Eleven had to take action. Some of these franchisees weren't changing. They weren't willing to make the change to 'the new convenience store operator' and it was holding the chain back," the former employee stated. "The company was put in a position of how do we move these operators to not just rely on cigarettes but embrace food, beverages, new business development and private-label products. The tactics employed is what's causing the problems with the franchisees."

A couple of years into its journey to operating all franchised units, 7-Eleven CEO Joe DePinto, speaking at the NACS Leadership Forum in Miami, said the retailer was making progress not only toward increasing its franchisee base, but also in overhauling its corporate culture to one of "servant leadership" that supports the stores and franchisees. "To stay relevant, you have to listen to your customer and change," said DePinto. "Our customers, the environment and the competition is changing rapidly. We must be mindful of that and change just as rapidly."

For much more on 7-Eleven's journey to change, check out the February cover story of *Convenience Store News*.

- See more at: <http://www.csnews.com/industry-news-and-trends/special-features/7-eleven-faces-some-delays-road-franchising#sthash.Dfyi46Va.dpuf>

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NOTICE OF ASSIGNMENT TO UNITED STATES JUDGES

This case has been assigned to District Judge Jesus G. Bernal and the assigned Magistrate Judge is Sheri Pym.

The case number on all documents filed with the Court should read as follows:

EDCV14-00522 JGB (SPx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge.

Clerk, U. S. District Court

March 18, 2014

Date

By L. Murray
Deputy Clerk

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☐ Western Division
312 N. Spring Street, G-8
Los Angeles, CA 90012

☐ Southern Division
411 West Fourth St., Ste 1053
Santa Ana, CA 92701

☒ Eastern Division
3470 Twelfth Street, Room 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I. (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) Adnan Khan	DEFENDANTS (Check box if you are representing yourself <input type="checkbox"/>) 7-Eleven, Inc.
(b) County of Residence of First Listed Plaintiff <u>Los Angeles, CA</u> <small>(EXCEPT IN U.S. PLAINTIFF CASES)</small>	County of Residence of First Listed Defendant <u>Dallas, TX</u> <small>(IN U.S. PLAINTIFF CASES ONLY)</small>
(c) Attorneys (Firm Name, Address and Telephone Number) If you are representing yourself, provide the same information. Schindler Law Group 20321 SW Birch Street, Suite 200 Newport Beach, CA 92660 (949) 483-8700	Attorneys (Firm Name, Address and Telephone Number) If you are representing yourself, provide the same information.

II. BASIS OF JURISDICTION (Place an X in one box only.) <div style="display: flex; justify-content: space-between;"> <div style="width:48%;"> <input type="checkbox"/> 1. U.S. Government Plaintiff <input type="checkbox"/> 2. U.S. Government Defendant </div> <div style="width:48%;"> <input type="checkbox"/> 3. Federal Question (U.S. Government Not a Party) <input checked="" type="checkbox"/> 4. Diversity (Indicate Citizenship of Parties in Item III) </div> </div>	III. CITIZENSHIP OF PRINCIPAL PARTIES-For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant) <table style="width:100%; border: none;"> <tr> <td style="width:33%;">Citizen of This State</td> <td style="width:10%;">PTF <input checked="" type="checkbox"/> 1</td> <td style="width:10%;">DEF <input type="checkbox"/> 1</td> <td style="width:33%;">Incorporated or Principal Place of Business in this State</td> <td style="width:10%;">PTF <input type="checkbox"/> 4</td> <td style="width:10%;">DEF <input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 5</td> <td><input checked="" type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>	Citizen of This State	PTF <input checked="" type="checkbox"/> 1	DEF <input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	PTF <input type="checkbox"/> 4	DEF <input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input checked="" type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
Citizen of This State	PTF <input checked="" type="checkbox"/> 1	DEF <input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	PTF <input type="checkbox"/> 4	DEF <input type="checkbox"/> 4														
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input checked="" type="checkbox"/> 5														
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6														

IV. ORIGIN (Place an X in one box only.)

<input checked="" type="checkbox"/> 1. Original Proceeding	<input type="checkbox"/> 2. Removed from State Court	<input type="checkbox"/> 3. Remanded from Appellate Court	<input type="checkbox"/> 4. Reinstated or Reopened	<input type="checkbox"/> 5. Transferred from Another District (Specify)	<input type="checkbox"/> 6. Multi-District Litigation
--	--	---	--	---	---

V. REQUESTED IN COMPLAINT: JURY DEMAND: ☒ Yes ☐ No* (Check "Yes" only if demanded in complaint.)

CLASS ACTION under F.R.Cv.P. 23: ☐ Yes ☒ No **MONEY DEMANDED IN COMPLAINT: \$**

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 Violation of the California Unfair Business Practices Act, Violation of the California Civil Anti-Stalking Statute, Intentional Infliction of Emotional Distress

VII. NATURE OF SUIT (Place an X in one box only).

OTHER STATUTES	CONTRACT	REAL PROPERTY CONT.	IMMIGRATION	PRISONER PETITIONS	PROPERTY RIGHTS
<input type="checkbox"/> 375 False Claims Act	<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 462 Naturalization Application	Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 245 Tort Product Liability	<input type="checkbox"/> 465 Other Immigration Actions		<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 290 All Other Real Property	TORTS		<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 140 Negotiable Instrument	TORTS	PERSONAL PROPERTY	Other:	SOCIAL SECURITY
<input type="checkbox"/> 450 Commerce/ICC Rates/Etc.	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 861 HIA (1395ff)
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 470 Racketeer Influenced & Corrupt Org.	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Vet.)	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 863 DIWC/DIWW (405 (g))
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 560 Civil Detainee Conditions of Confinement	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 153 Recovery of Overpayment of Vet. Benefits	<input type="checkbox"/> 340 Marine	BANKRUPTCY	FORFEITURE/PENALTY	<input type="checkbox"/> 865 RSI (405 (g))
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	FEDERAL TAX SUITS
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 891 Agricultural Acts	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 355 Motor Vehicle Product Liability	CIVIL RIGHTS	LABOR	<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
<input type="checkbox"/> 893 Environmental Matters	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 710 Fair Labor Standards Act	
<input type="checkbox"/> 895 Freedom of Info. Act	<input checked="" type="checkbox"/> 196 Franchise	<input type="checkbox"/> 362 Personal Injury-Med Malpractice	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 720 Labor/Mgmt. Relations	
<input type="checkbox"/> 896 Arbitration	REAL PROPERTY	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 740 Railway Labor Act	
<input type="checkbox"/> 899 Admin. Procedures Act/Review of Appeal of Agency Decision	<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 751 Family and Medical Leave Act	
<input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 445 American with Disabilities-Employment	<input type="checkbox"/> 790 Other Labor Litigation	
	<input type="checkbox"/> 230 Rent Lease & Ejectment		<input type="checkbox"/> 446 American with Disabilities-Other	<input type="checkbox"/> 791 Employee Ret. Inc. Security Act	

BY FAX

FOR OFFICE USE ONLY:

Case Number:

CV-71 (11/13)

EDCV 14-00522

CIVIL COVER SHEET

JGB

(SPX)

COPY

Page 1 of 3

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII. VENUE: Your answers to the questions below will determine the division of the Court to which this case will most likely be initially assigned. This initial assignment is subject to change, in accordance with the Court's General Orders, upon review by the Court of your Complaint or Notice of Removal.

Question A: Was this case removed from state court? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "no," go to Question B. If "yes," check the box to the right that applies, enter the corresponding division in response to Question D, below, and skip to Section IX.	STATE CASE WAS PENDING IN THE COUNTY OF:		INITIAL DIVISION IN CACD IS:
	<input type="checkbox"/> Los Angeles		Western
	<input type="checkbox"/> Ventura, Santa Barbara, or San Luis Obispo		Western
	<input type="checkbox"/> Orange		Southern
	<input type="checkbox"/> Riverside or San Bernardino		Eastern

Question B: Is the United States, or one of its agencies or employees, a party to this action? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "no," go to Question C. If "yes," check the box to the right that applies, enter the corresponding division in response to Question D, below, and skip to Section IX.	If the United States, or one of its agencies or employees, is a party, is it:		INITIAL DIVISION IN CACD IS:
	A PLAINTIFF? <small>Then check the box below for the county in which the majority of DEFENDANTS reside.</small>	A DEFENDANT? <small>Then check the box below for the county in which the majority of PLAINTIFFS reside.</small>	
	<input type="checkbox"/> Los Angeles	<input type="checkbox"/> Los Angeles	Western
	<input type="checkbox"/> Ventura, Santa Barbara, or San Luis Obispo	<input type="checkbox"/> Ventura, Santa Barbara, or San Luis Obispo	Western
	<input type="checkbox"/> Orange	<input type="checkbox"/> Orange	Southern
	<input type="checkbox"/> Riverside or San Bernardino	<input type="checkbox"/> Riverside or San Bernardino	Eastern
	<input type="checkbox"/> Other	<input type="checkbox"/> Other	Western

Question C: Location of plaintiffs, defendants, and claims? <small>(Make only one selection per row)</small>	A. Los Angeles County	B. Ventura, Santa Barbara, or San Luis Obispo Counties	C. Orange County	D. Riverside or San Bernardino Counties	E. Outside the Central District of California	F. Other
Indicate the location in which a majority of plaintiffs reside:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Indicate the location in which a majority of defendants reside:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indicate the location in which a majority of claims arose:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C.1. Is either of the following true? If so, check the one that applies:

- ☐ 2 or more answers in Column C
☐ only 1 answer in Column C and no answers in Column D

Your case will initially be assigned to the
SOUTHERN DIVISION.
Enter "Southern" in response to Question D, below.

If none applies, answer question C2 to the right. →

C.2. Is either of the following true? If so, check the one that applies:

- ☐ 2 or more answers in Column D
☒ only 1 answer in Column D and no answers in Column C

Your case will initially be assigned to the
EASTERN DIVISION.
Enter "Eastern" in response to Question D, below.

If none applies, go to the box below. ↓

Your case will initially be assigned to the
WESTERN DIVISION.
Enter "Western" in response to Question D below.

Question D: Initial Division?	INITIAL DIVISION IN CACD
Enter the initial division determined by Question A, B, or C above: →	Southern

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

IX(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ NO ☐ YES

If yes, list case number(s): _____

IX(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ NO ☐ YES

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

(Check all boxes that apply)

- ☐ A. Arise from the same or closely related transactions, happenings, or events; or
- ☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
- ☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
- ☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

X. SIGNATURE OF ATTORNEY

(OR SELF-REPRESENTED LITIGANT): s/ Eric J. Schindler

DATE: 3/18/2014

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet).

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))